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## FROM FALLING KNIVES TO STEADY MINDS: HOW TO THRIVE IN UNCERTAIN MARKETS

BY WEALTH ADVISER

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### Understanding Market Volatility

Market volatility is an inevitable part of investing, yet it often evokes fear and uncertainty among investors. The phrase “catching a falling knife” vividly captures the dangers of trying to time the market during sharp declines—it suggests that attempting to buy assets during a precipitous drop can lead to painful losses. As highlighted in “Should You Catch This Falling Knife?”, impulsive decision-making during market downturns often results in financial setbacks rather than opportunities.

In times of turbulence, maintaining a steady mind becomes critical. “Shaky Markets, Steady Mind” underscores the importance of emotional discipline and rational thinking when navigating uncertain markets. This article explores how investors can thrive amid volatility by learning from history, managing psychological challenges, implementing resilient strategies, and adapting to a changing financial landscape.

#### BEFORE YOU GET STARTED

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**Investing is as much a psychological endeavour as it is a financial one. During volatile markets, emotions like fear and greed can cloud judgment, leading to impulsive decisions that undermine long-term goals. “Shaky Markets, Steady Mind” highlights how emotional discipline is essential for navigating uncertainty.**

## Historical Lessons on Risk and Reward

History provides invaluable lessons about the risks and rewards of investing during volatile periods. As noted in “History Tells Us That Markets Are at a High-Risk Juncture”, certain market conditions—such as high valuations or excessive speculation—often precede significant corrections. By understanding these patterns, investors can better anticipate potential downturns and prepare accordingly.

For example, the Global Financial Crisis of 2008 serves as a stark reminder of how overleveraged markets can unravel quickly. Similarly, the dot-com bubble of the early 2000s demonstrated the dangers of chasing speculative trends without considering underlying fundamentals. These events highlight the importance of exercising caution during periods of exuberance.

Howard Marks, in “The Investing Game Has Changed Forever”, argues that while historical lessons remain relevant, the investing landscape has evolved significantly. Factors such as technological innovation and globalisation have introduced new dynamics into financial markets. Marks emphasises that investors must adapt their strategies to account for these changes while remaining grounded in timeless principles like risk management and long-term thinking.

## The Psychology of Investing in Turbulent Times

Investing is as much a psychological endeavour as it is a financial one. During volatile markets, emotions like fear and greed can cloud judgment, leading to impulsive decisions that undermine long-term goals. “Shaky Markets, Steady Mind” highlights how emotional discipline is essential for navigating uncertainty.

One common psychological trap is panic selling during market downturns. When asset prices fall sharply, many investors succumb to fear and liquidate their holdings, often locking in losses unnecessarily. Conversely, overconfidence during bull markets can lead to excessive risk-taking and poor investment choices. Recognising these behavioural tendencies is the first step toward overcoming them.

Practical strategies for managing emotions include mindfulness techniques and seeking guidance from trusted financial advisers. Mindfulness helps investors stay present and avoid reacting impulsively to market fluctuations. Meanwhile, advisers can provide objective perspectives and

tailored advice, helping clients make rational decisions even under pressure.

## Practical Strategies for Resilient Investing

Thriving amid market volatility requires a combination of practical strategies and disciplined execution. One key approach is diversification—spreading investments across different asset classes to reduce risk exposure. As outlined in “Worried About Market Volatility?”, diversification helps cushion portfolios against sharp declines in any single sector or asset type.

Another essential principle is maintaining a long-term perspective. While short-term market movements can be unsettling, focusing on long-term goals allows investors to ride out volatility without making rash decisions. For instance, Warren Buffett famously advises against trying to time the market, instead recommending steady investments in high-quality assets over time.

Avoiding impulsive decisions is another critical strategy. “Should You Catch This Falling Knife?” warns against attempting to predict market bottoms or recoveries—a tactic that often backfires due to unpredictable timing and emotional biases. Instead, investors should focus on gradual accumulation strategies like dollar-cost averaging, which reduces the impact of market fluctuations by spreading purchases over time.

External sources also support these principles. Academic studies on portfolio management consistently highlight the benefits of diversification and long-term investing for mitigating risk and maximising returns.

## Adapting to a Changing Financial Landscape

The financial world has undergone significant transformations in recent decades, requiring investors to adapt their approaches accordingly. Howard Marks’ insights in “The Investing Game Has Changed Forever” shed light on several key trends shaping modern markets:

1. **Technological Advancements:** Innovations like algorithmic trading and artificial intelligence have changed how markets operate, introducing both opportunities and risks. For example, algorithmic trading can create sudden market swings, but it also offers tools for more efficient portfolio management.
2. **The Rise of Passive Investing:** The growing popularity of

index funds and exchange-traded funds (ETFs) has shifted the dynamics of capital allocation. Passive investing now dominates many markets, reducing the influence of active managers but also creating potential vulnerabilities, such as herd behaviour during downturns.

3. **Macroeconomic Shifts:** Factors such as rising interest rates, inflationary pressures, and geopolitical tensions are reshaping global investment landscapes. For instance, higher interest rates can affect borrowing costs and corporate profitability, while geopolitical instability may lead to increased market volatility.

To thrive in this evolving environment, investors must embrace flexibility while staying true to fundamental principles like diversification and risk management. For example, incorporating passive investment strategies alongside active management can balance cost efficiency with the potential for outperformance. Additionally, staying informed about macroeconomic trends allows investors to adjust their portfolios proactively in response to changing conditions.

### Conclusion: Thriving Amid Uncertainty

Market volatility may be inevitable, but it doesn't have to be insurmountable. By learning from history's lessons on risk and reward, managing psychological challenges with discipline, implementing resilient strategies like diversification and long-term investing, and adapting to an ever-changing financial landscape, investors can turn uncertainty into opportunity.

As highlighted across the articles reviewed for this piece—from Howard Marks' insights on evolving markets to practical advice on avoiding impulsive decisions—a steady mind is the cornerstone of successful investing during turbulent times. Rather than fearing volatility or attempting to catch falling knives, investors should focus on building robust portfolios that weather storms while positioning themselves for future growth.

Ultimately, thriving amid uncertainty requires not just knowledge but also courage—the courage to stick to sound principles even when markets test our resolve. By doing so, we can navigate volatility with confidence and emerge stronger on the other side.

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# ELECTRIC VEHICLES

## A SUSTAINABLE DREAM OR A PRACTICAL DILEMMA?



Photo by ZENTURN / www.pexels.com

BY WEALTH ADVISER

### Introduction: The Promise and Reality of Electric Vehicles (EVs)

Governments worldwide are promoting EV adoption through subsidies and incentives, while automakers are investing heavily in electrification to meet ambitious emissions targets. However, the transition to EVs is not without its challenges. From environmental concerns about battery production to reliability issues and infrastructure gaps, the promise of EVs is tempered by practical dilemmas.

This article explores whether EVs truly represent a sustainable solution or if their adoption is fraught with unresolved challenges. Drawing insights from recent articles, we will delve into their environmental impact, reliability, economic viability, and infrastructure hurdles to provide a balanced perspective on this pressing issue.

### Environmental Impact: Are EVs Truly Green?

One of the strongest arguments for EV adoption lies in their potential to reduce greenhouse gas emissions during operation. Unlike internal combustion engine (ICE) vehicles, EVs produce no tailpipe emissions, making them an attractive option for combating urban air pollution and reducing carbon footprints. However, their environmental benefits are not as straightforward when considering the entire lifecycle of an EV.

The production of EV batteries relies heavily on mining rare earth metals such as lithium and cobalt, processes that are resource-intensive and environmentally damaging. As highlighted by Carsloth, these mining activities can lead to deforestation, water contamination, and significant carbon emissions. Furthermore, battery disposal poses additional environmental risks due to toxic materials that can leach into soil and water systems.

Adding complexity to the debate is the source of electricity used to charge EVs. In regions where coal-fired power plants dominate energy generation, the emissions associated with charging an EV may offset its operational benefits. External studies have shown that while EVs generally outperform ICE vehicles in lifecycle emissions, their sustainability depends heavily on advancements in renewable energy integration.

## Reliability and Performance Issues

Reliability is another critical factor influencing consumer decisions about EVs. According to research from Institute for Energy Research, EVs are less reliable than ICE vehicles due to their complex software systems and unique mechanical components. Common issues include battery degradation over time, charging difficulties, and expensive repairs for specialised parts.

For instance, Carsloth notes that battery degradation can significantly reduce driving range after a few years of use, leading to concerns about long-term performance. Charging problems are also prevalent, with many users reporting inconsistent charging speeds or malfunctions at public stations. These reliability issues have led some consumers to question whether EVs can truly match the dependability of traditional ICE vehicles.

Real-world examples further illustrate these challenges. In Australia, several early adopters of EVs have faced difficulties with repair costs and delays due to limited availability of spare parts and trained technicians. Addressing these reliability concerns will be crucial for building consumer confidence in EV technology.

## Economic Viability: Costs vs Savings

The economic argument for EV adoption is often framed around long-term savings on fuel and maintenance costs. While it is true that EVs eliminate the need for petrol or diesel and generally require less frequent servicing, their high upfront costs remain a significant barrier for many consumers.

As noted by Firstlinks, government subsidies play a key role in making EVs more affordable, but these incentives vary widely across regions. In Australia, federal and state governments offer rebates and tax exemptions for EV buyers; however, these measures may not fully offset the initial purchase price compared to ICE vehicles.

A comprehensive analysis of total cost of ownership (TCO) reveals mixed results. Studies show that while EVs become more cost-effective over time due to lower running costs, their financial advantage depends on factors such as driving habits, electricity prices, and battery longevity. For rural Australians who drive long distances and face higher

electricity rates, the economic case for EVs may be less compelling than for urban drivers who benefit from shorter commutes and access to cheaper charging options.

## Infrastructure Challenges: Charging Networks and Energy Supply

Infrastructure remains one of the most significant hurdles to widespread EV adoption. While urban areas in Australia have seen growth in public charging stations, rural regions continue to face inadequate coverage. This disparity creates anxiety among potential buyers about “range anxiety”—the fear of running out of charge without access to a nearby station.

Moreover, as highlighted by Firstlinks, increased adoption of EVs could place additional strain on electricity grids that are already under pressure from growing demand. Without substantial investment in renewable energy sources and grid upgrades, the environmental benefits of EVs may be undermined by reliance on fossil-fuel-based electricity generation.

External reports suggest that addressing these infrastructure challenges will require coordinated efforts between governments, energy providers, and automakers. Expanding fast-charging networks across Australia’s vast landscape and integrating more renewable energy into the grid are critical steps toward ensuring the practicality of EV ownership for all Australians.

## Conclusion: The Road Ahead for Electric Vehicles

Electric vehicles represent both a sustainable dream and a practical dilemma. While they offer undeniable benefits in reducing emissions during operation and advancing clean transportation goals, their adoption is hindered by unresolved challenges related to reliability, cost-effectiveness, and infrastructure readiness.

To realise the full potential of EVs as a transformative technology, stakeholders must address key areas such as advancing battery technology, expanding charging networks in rural regions, improving reliability standards, and reforming policies to make them economically accessible for all Australians. Only then can electric vehicles transition from being an aspirational choice to becoming a practical reality for mainstream consumers.

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Photo by Jan Vašek from Pixabay

# PERSONALISED JOURNEYS AND AI AGENTS: THE EVOLUTION OF TRAVEL IN 2025 AND BEYOND

BY WEALTH ADVISER

## Introduction

The travel and hospitality industry is undergoing a profound transformation, driven by rapid advancements in technology. From planning trips to enhancing on-the-ground experiences, innovations such as generative AI, digital identity systems, and AI agents are redefining how we explore the world. In 2025, travel is no longer just about reaching destinations; it's about crafting highly personalised, seamless journeys that cater to individual preferences and needs.

Generative AI has emerged as a powerful tool for creating customised itineraries, while digital identity systems are streamlining security and administrative processes. Meanwhile, AI agents are becoming indispensable travel

companions, offering real-time assistance and personalisation at every step. However, these developments also raise important questions about privacy, ethics, and sustainability. This article explores how these technologies are shaping the future of travel and what it means for travellers, businesses, and society.

## Generative AI: Transforming Travel Planning and Experiences

Generative AI is revolutionising the way travellers plan their trips by offering hyper-personalised recommendations based on individual preferences. Unlike traditional methods of travel planning, which often involve hours of research across multiple platforms, generative AI can create tailored itineraries in seconds. By analysing user data—such as past travel history, interests, and even social media

**Digital identity systems are playing a crucial role in simplifying the often cumbersome processes associated with travel. From border control to hotel check-ins and ticketing, these systems enable seamless authentication through secure digital profiles. For instance, biometric verification methods such as facial recognition or fingerprint scanning allow travellers to bypass long queues at airports or immigration checkpoints.**

activity—AI-powered platforms can suggest destinations, activities, and accommodations that align perfectly with a traveller's tastes.

According to Phocuswright Research, “Generative AI is not just a tool for efficiency; it’s a game-changer for personalisation.” For example, platforms like ChatGPT-powered travel assistants can simulate conversations with users to understand their needs better and provide curated suggestions. Additionally, generative AI is enabling immersive virtual experiences that allow travellers to “preview” destinations before committing to a trip. This not only enhances decision-making but also builds excitement for the journey ahead.

External research supports these trends. A report by McKinsey highlights how AI is being integrated into industries to enhance customer experiences through personalisation. In the travel sector specifically, companies like Expedia and Booking.com are already leveraging generative AI to refine their offerings.

However, this level of personalisation raises concerns about data privacy. Travellers must weigh the benefits of convenience against the risks of sharing personal information with AI-driven platforms.

### **Digital Identity Systems: Enhancing Security and Convenience**

Digital identity systems are playing a crucial role in simplifying the often cumbersome processes associated with travel. From border control to hotel check-ins and ticketing, these systems enable seamless authentication through secure digital profiles. For instance, biometric verification methods such as facial recognition or fingerprint scanning allow travellers to bypass long queues at airports or immigration checkpoints.

Phocuswright Research highlights that “digital identity technology is not only about convenience but also about enhancing security.” By reducing reliance on physical documents like passports or boarding passes, digital identities minimise the risk of fraud or loss. Moreover, these systems are paving the way for a future where travellers can move effortlessly across borders without the need for repetitive

identity verification.

Despite these advantages, privacy concerns remain a significant challenge. As Firstlinks notes in its discussion on the future of travel, “The adoption of digital identity systems must be accompanied by robust data protection measures to ensure traveller trust.” Governments and private organisations must collaborate to establish global standards for digital identity management that prioritise security while respecting individual privacy rights.

Globally, countries like Singapore and Estonia are leading the charge in implementing digital identity frameworks that could serve as models for other nations. These initiatives demonstrate how technology can enhance both efficiency and security in travel.

### **AI Agents as Personal Travel Advisers**

AI agents are emerging as indispensable tools for modern travellers, acting as personal advisers who provide real-time assistance throughout a journey. These intelligent systems can handle tasks ranging from language translation to itinerary adjustments and even emergency support.

Adamocompany’s article highlights how AI agents are transforming hospitality services: “From concierge bots in hotels to virtual assistants on mobile apps, these agents are redefining customer service.” For example, Marriott International has introduced AI-powered chatbots that can answer guest queries instantly or recommend local attractions based on individual preferences.

Beyond hotels, AI agents are also enhancing experiences during transit. Airlines like Qantas are experimenting with virtual assistants that provide real-time updates on flight delays or gate changes while suggesting alternative routes if needed. These capabilities not only improve convenience but also empower travellers with greater autonomy over their journeys.

External sources further underscore the potential of conversational AI in reshaping industries. A study by Gartner predicts that by 2030, over 80% of customer interactions in service industries will be handled by AI agents—a trend already visible in travel.

However, as with any technology-driven solution, there

are limitations. Current-generation AI agents may struggle with complex queries or cultural nuances that require human intervention. Striking a balance between automation and human touch will be key to maximising their effectiveness.

### Sustainability and Ethical Considerations in Tech-driven Travel

While technology offers numerous benefits for travellers, it also raises important ethical and sustainability questions. For instance, how can we ensure that tech-driven solutions do not exacerbate environmental challenges or widen inequalities in access to advanced tools?

Generative AI can contribute to sustainability by optimising travel routes to reduce carbon emissions or promoting eco-friendly accommodations. Similarly, digital identity systems eliminate the need for paper-based documentation, reducing waste. However, as Firstlinks points out: “The rush towards innovation must be tempered with responsibility.” Companies must prioritise sustainable practices alongside technological advancements.

Ethical considerations also come into play when dealing with sensitive traveller data. Transparency about how data is collected, stored, and used is essential for building trust among consumers. Additionally, ensuring equitable access to these technologies—especially for travellers from developing regions—will be crucial in avoiding a digital divide within the industry.

External research from the World Tourism Organisation (UNWTO) highlights the importance of aligning technological innovation with sustainable development goals (SDGs). By adopting responsible practices today, the industry can create a more inclusive and environmentally conscious future.

### Conclusion

The evolution of travel in 2025 is marked by unprecedented levels of personalisation and convenience made possible through generative AI, digital identity systems, and AI agents. These technologies are transforming every aspect of the travel experience—from planning trips to navigating new destinations—with an emphasis on customisation and efficiency.

However, this transformation comes with challenges that must be addressed thoughtfully. Privacy concerns surrounding data usage require robust safeguards to protect traveller information. Similarly, ethical considerations around sustainability and accessibility demand greater accountability from industry stakeholders.

As we embrace this new era of tech-driven travel, it’s essential to strike a balance between innovation and responsibility. By doing so, we can ensure that personalised journeys powered by AI benefit not only individual travellers but also society at large—creating a future where exploration knows no bounds.

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# Q&A: Ask a Question

## Question 1:

**My friend told me about the government super co-contribution for low income earners. How does it work?**

The government super co-contribution is designed to help eligible Australians on lower incomes build their retirement savings. For the 2024-25 financial year, if your total income is \$45,400 or less and you make a personal (after tax) contribution of at least \$1,000 to your super, the government will top it up by 50 c for every \$1 you contribute, up to a maximum of \$500. As your income rises between \$45,400 and \$60,400, the co-contribution tapers off, ceasing completely at \$60,400. There's no need to apply separately—provided your super fund holds your tax file number, the ATO will automatically pay the co-contribution into your account once you've lodged your tax return. This incentive can significantly boost your super balance over time without affecting your concessional cap.

You should consult your financial adviser to confirm your eligibility, plan the timing and amount of personal contributions before 30 June, and ensure you claim the full co-contribution benefit.

## Question 2:

**I read about the Home Equity Access Scheme for retirees. How does it work, and what should I consider?**

The Home Equity Access Scheme (HEAS) offers Australians of Age Pension age—or their partners—a voluntary, non taxable loan secured by their home. You can borrow up to 150% of the maximum Age Pension rate, either as fortnightly payments, a lump sum, or a combination,

to supplement your income without selling your property. You're not required to make regular repayments; instead, the outstanding balance plus accrued interest (currently around 3.95% p.a.) is repaid from your estate when the home is sold or you pass away. The scheme includes a “no negative equity guarantee,” so you'll never repay more than your home's value. While HEAS can improve cash flow and delay downsizing, it will reduce the equity in your estate and may affect future Age Pension or aged care accommodation entitlements.

Before applying, you should review eligibility via the Services Australia calculator and discuss with your financial adviser to ensure HEAS aligns with your retirement cash flow needs and estate planning goals.

## Question 3:

**I'm going to consolidate my super, as when I signed up for a new job I realised I have multiple accounts. Is there anything I should check before I do it?**

It's great that you've noticed multiple superannuation accounts—consolidating them can simplify your finances and help reduce unnecessary fees. Before going ahead, there are a few important things to consider. First, check whether any of your existing funds hold insurance policies you might want to keep, such as life, TPD or income protection cover. Closing an account could mean losing this cover, and reapplying later might involve medical underwriting. You should also compare the investment performance, fees, and features of each fund—some may offer better long-term returns or more suitable investment options. It's also a good idea to ensure your tax file number is linked to your fund, and that your personal details and beneficiaries are up to date.

While consolidating can be beneficial, it's worth speaking with your financial adviser to review your options and make sure the fund you consolidate into aligns with your goals.